

Medium-Term Management Plan

Continually promoting reforms to transform to a high revenue structure

The IDEC Group has formulated a medium-term management plan ending in FY2025, and is implementing various initiatives to further improve its operating profit margin. However, based on our performance in FY2024 and changes in the business environment, IDEC has announced that we will review our medium-term management plan in May 2024. We implement structural reforms to achieve new growth and will announce details later. Our basic strategies remain unchanged, and we will continue to pursue initiatives based on these four strategies to achieve further growth.

As specific initiatives for the most important strategies “promote growth strategy” and “improve profitability,” we will focus on four key items: review of business structure, improvement of product profitability, cost reduction, and improvement of working capital.

With regard to the review of business structure, in addition to strengthening competitiveness through proactive proposal of solutions, we will also reorganize our existing businesses.

IDEC define HMI-X as the change in the optimal interface that accompanies major changes in the relationship between humans and machines. We have expanded business globally as a leading company in HMI connecting between humans and machines since our foundation. Leveraging control technologies cultivated over many years, we promote HMI-X by driving initiatives that adapt to key fields including the demand for automation, unmanned operation and labor-saving, and the growing awareness of safety, ANSHIN and well-being. In this way we strive to fulfill the purpose of the IDEC Group, “create the optimum environment for humans and machines, and achieve safety, ANSHIN, and well-being for people around the world.”

In terms of improving profitability of products, we are introducing new products, abolishing and consolidating existing products, and focusing on sales growth rates, market share, and highly profitable HMI, and safety business, the Automation & Sensing business, which has high growth potential, and the expansion of sales in China and India, due to their large market size and potential for significant sales growth.

We are also working on production reforms to enhance competitiveness, building a global production system emphasizing efficiency, and improving quality and costs through a fundamental review of our processes. In conjunction with these efforts, we will also make strategic cost reductions

by implementing automation and labor-savings on a global basis, engage in Groupwide joint purchasing including APEM, reduce production costs through the standardization of components and other innovations, and work to reduce the cost ratio by reviewing low-profit and unprofitable products.

In terms of ESG, in addition to promoting the development of decarbonization-focused products to achieve carbon neutrality by 2050, we have introduced internal carbon pricing (ICP) which we utilize as a mechanism to promote environmentally friendly investments.

In terms of social, we revised the IDEC Human Rights Policy to address human rights issues that are attracting growing attention globally in 2023. We plan to build human

rights due diligence processes in accordance with the UN Guiding Principles of Business and Human Rights. In other efforts, we will enhance engagement through expanded investment in human capital and the promotion of work-style reform and strengthen the business foundation in order to establish solid foundations enabling sustained global growth.

